

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Michael Kubayanda, Chairman;
Ashley E. Poling, Vice Chairwoman;
Mark Acton;
Ann C. Fisher; and
Robert G. Taub

Transfer of Bound Printed Matter
Parcels to the Competitive Product List

Docket No. MC2021-78

NOTICE AND ORDER CONCERNING TRANSFER OF BOUND PRINTED MATTER
PARCELS TO THE COMPETITIVE PRODUCT LIST

(Issued March 30, 2021)

I. INTRODUCTION

On March 26, 2021, the Postal Service filed a notice with the Commission pursuant to 39 U.S.C. 3642 and 39 CFR 3040.130 *et seq.*, requesting that Bound Printed Matter Parcels be transferred from the Market Dominant product list to the Competitive product list as Parcel Select Bound Printed Matter.¹ In support of its Request, the Postal Service filed the following documents:

- Attachment A— Resolution of the Governors of the United States Postal Service, August 8, 2019 (Resolution No. 19-8);
- Attachment B— Certification; and

¹ United States Postal Service Request to Transfer Bound Printed Matter Parcels to the Competitive Product List, March 26, 2021 (Request).

- Attachment C— Draft Mail Classification Schedule (MCS) Language.

The Postal Service asserts that the new Parcel Select Bound Printed Matter product fulfills all of the criteria for competitive products under section 3642. See Request at 2-14. Specifically, the Postal Service states that mailers use Bound Printed Matter Parcels to ship inexpensive “light- to moderate-weight packages containing books, catalogs, and similar printed matter” for ground delivery as an alternative to more general-purpose ground shipping products offered by competitors. See *id.* at 6-7. The Postal Service notes that Bound Printed Matter Parcels also competes against hybrid products offered by resellers who enter the packages into the Postal Service’s mailstream as Bound Printed Matter Parcels. *Id.* at 8. As evidence that it does not exercise monopoly power over Bound Printed Matter Parcels, the Postal Service identifies the fact that most of its Bound Printed Matter Parcels volume originates from logistics entities with their own origin-through-last-mile delivery networks, and that the remaining volume almost entirely originates from other logistics entities and a small number of large customers. *Id.* at 10-14. The Postal Service notes that all of these logistics entities and other large customers would be able to divert volume to their own networks or else possess substantial negotiating power when seeking alternatives to the Postal Service. *Id.* at 10-12.

In addition, the Postal Service states that the Private Express Statutes (PES) do not apply to the Bound Printed Matter Parcels product because the statutory definition of a “letter” explicitly excludes bound books, catalogs, and telephone directories that meet certain page requirements. *Id.* at 16. The Postal Service states that “any incidental First-Class matter in [Bound Printed Matter Parcels] falls within the exception for cargo” under the Commission’s regulations. *Id.* at 17.

The Postal Service notes that Bound Printed Matter Parcels did not cover its attributable costs in 2020, but it seeks authority from the Commission as part of this transfer to set prices for Parcel Select Bound Printed Matter that would cover its attributable costs. *Id.* at 18. The Postal Service envisions setting prices for Parcel Select Bound Printed Matter in a competitive price adjustment following the transfer.

Furthermore, the Postal Service asserts that after the addition of the Parcel Select Bound Printed Matter product, competitive products, as a whole, even in the absence of a price adjustment, will continue to contribute the necessary percentage towards total institutional costs. *Id.* at 18-19; see 39 U.S.C. 3633(a)(3), 39 CFR 3035.107.

The Postal Service also asserts that transferring Bound Printed Matter Parcels to the Competitive Product list will address an arbitrary distinction between parcels containing bound, printed matter and parcels containing other goods. Request at 19.

II. COMMISSION ACTION

The Commission establishes Docket No. MC2021-78 to consider the Postal Service's proposals described in its Request. Interested persons may submit comments on whether the Request is consistent with the policies of 39 U.S.C. 3632, 3633, and 3642 and 39 CFR 3040.130 *et seq.* Comments are due by May 7, 2021.

The Request and related filings are available on the Commission's website (<http://www.prc.gov>). The Commission encourages interested persons to review the Request for further details.

The Commission appoints Joseph K. Press to serve as Public Representative in this proceeding.

III. ORDERING PARAGRAPHS

It is ordered:

1. The Commission establishes Docket No. MC2021-78 for consideration of the matters raised by the United States Postal Service Request to Transfer Bound Printed Matter Parcels to the Competitive Product List, filed March 26, 2021.
2. Pursuant to 39 U.S.C. 505, Joseph K. Press is appointed to serve as an officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding.

3. Comments by interested persons are due by May 7, 2021.
4. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Jennie L. Jbara
Alternate Certifying Officer